

## REMARKS

Reconsideration and further examination is respectfully requested.

### ***Examiner Interview***

The Applicant wishes to thank the Examiner and the Examiner's supervisor, Xuan Thai, for the courtesy extended during the telephonic interview with the Applicant and the Applicant's agent on April 27, 2007. During the interview, the Examiner and his supervisor provided useful guidance to the Applicant as to how to perfect the swear back of the Silva reference and also provided additional insight as to the rationale behind the Examiner's retraction of an earlier notice of allowable subject matter regarding claims 46, 47 and 49.

In light of the interview, the Applicant feels compelled to remind the Examiner of the following guidance found in section 706.04 of the MPEP regarding the rejection of previously allowed claims:

*A claim noted as allowable shall thereafter be rejected only after the proposed rejection has been submitted to the primary examiner for consideration of all the facts and approval of the proposed action.*

The Applicant wishes to further remind the Examiner's supervisor of the additional appropriate guidance found in section 706.04:

*Great care should be exercised in authorizing such a rejection. See Ex parte Grier, 1923 C.D. 27, 309 O.G. 223 (Comm'r Pat. 1923); Ex parte Hay, 1909 C.D. 18, 139 O.G. 197 (Comm'r Pat. 1909).*

***Claim Rejections – 35 USC §102***

Turning now to the merits of the claim rejections, the Examiner has rejected claims 42 to 46 and 48 under 35 U.S.C. 102(e) as being anticipated by Paul A. Adao e Silva, US provisional application 60/254,053, filed December 7, 2000 (Silva).

The Applicant maintains his position that the Silva reference is not available as prior art due the Applicant's prior swear back. The Applicant has submitted further evidence to support this position. Said evidence will be discussed in more detail below.

Notwithstanding the above, the Applicant further asserts that even if Silva were available as a reference, it fails to teach or suggest the Applicant's claimed invention.

**Regarding claim 42,** the Examiner has stated in his prior Office Action dated 12/13/06 that:

*These assets [of Silva] have a positive expected return over a period of time such that the expected value of the assets at the end of the time period is greater than or equal to the financial consideration less the prize pool funds (Page 4, Lines 4 to 13).*

This is not correct. Lines 4 to 13 of page 4 of Silva merely disclose examples of investment funds (e.g. a venture capital fund, emerging market fund, etc.) Nowhere in this section of Silva, nor anywhere else in Silva, is it taught or suggested that these investment funds have a positive expected return over a period of time such that the expected value of the assets at the end of the time period is greater than or equal to the financial consideration less the prize pool. Thus claim 42 cannot be rejected under 35

USC 102(e) as being anticipated by Silva. Claims 43 – 46 and 48 depend upon claim 42 and cannot be rejected for the same reason.

The Examiner further states that:

*'053 [i.e. Silva] teaches assigning the assets to the tokens (Page 5, lines 4 to 7)*

This is not correct. Lines 4 to 7 of Page 5 of Silva teach that "the funds will be closed at \$50 million dollars, for example, represented by 50,000 shares or \$1,000 per share". The Examiner appears to be confusing shares of a closed investment fund with the tokens of a game. If anything, Silva teaches away from claim 42 since the assets are assigned to shares of a fund and not to the tokens of the game. Thus claim 42 cannot be rejected under 35 USC 102(e) as being anticipated by Silva. Claims 43 – 46 and 48 depend upon claim 42 and cannot be rejected for the same reason.

The Examiner further states that:

*'053 [i.e. Silva] commits to provide the current market value of the assets at the end of the period of time to the owners of the tokens (college investment fund eventually withdrawn, Page 4, Line 3).*

This is not correct. The Applicant reminds the Examiner that "the period of time" of claim 42 is a period of time "such that the expected value of said assets at the end of said period of time is greater than or equal to said financial consideration less said prize pool" (Claim 42, step f). Silva neither teaches nor suggests that the college investment fund disclosed has an expected value at its maturity date which is greater than or equal to the financial consideration less a prize pool. Thus claim 42 cannot be rejected under 35 USC 102(e) as being anticipated by Silva. Claims 43 – 46 and 48 depend upon claim 42 and cannot be rejected for the same reason.

### ***Claim Rejections – 35 USC § 103***

The Examiner has rejected claims 46, 47 and 49 as being unpatentable over Silva under 35 USC 103(a)

**Regarding claim 46**, claim 46 depends upon claim 42. Claim 46 therefore cannot be rejected as being unpatentable over Silva for the reasons stated above.

**Regarding claim 47**, the examiner has stated that:

*'053 [i.e. Silva] does not address the expected rate of return on assets, the period of time, and the prize pool being chosen such that the expected return of the game is greater than the expected return of a conservative investment.*

On this point, the Examiner is correct. Silva does not address these issues.

The Examiner, however, then makes a first assertion that is incorrect followed by a second assertion that is neither supported by evidence nor provided with Official Notice.

The Examiner's first assertion is:

*The applicant has not stated that addressing the expected rate of return on assets, the period of time, and the prize pool being chosen such that the expected return of the game is greater than the expected return of a conservative investment solves any stated problem or is for any particular purpose.*

This is not correct. On page 1 of the Specification the Applicant states "The vast majority of customers of the gaming industry lose money....Current games typically have - for the average player - negative expected rates of return". The problem to be

solved is that the total expected rates of return for all games prior to the Applicant's invention, including those described in Silva, are negative. See, for example, page 4 of Silva wherein he states, "Such a structure can help ensure that a gamer never experiences a total loss..."

"Not experiencing a total loss" is still experiencing a loss. Hence Silva suffers from the very problem the Applicant solves.

The Examiner's second assertion is:

*Moreover, it appears that '053 [i. e. Silva], or the applicant's invention, would perform equally be by [sic] address the expected rate of return on assets, the period of time and the prize pool being chosen such that the expected return of the game is greater than the expected return of a conservative investment.*

This is a bald assertion that the Examiner has provided without any supporting evidence and without Official Notice. Furthermore, it's not clear what the Examiner means, especially by the phrase "be by". Nonetheless, the Applicant respectfully challenges the assertion and requests that the Examiner provide evidentiary support should the Examiner wish to continue to assert it in future actions.

The Examiner then uses the two flawed assertions to draw an erroneous conclusion contrary to case law:

*Accordingly, it would have been *prima facie* obvious to one of ordinary skill in the art at the time the applicant's invention was made to address the expected rate of return on assets, the period of time, and the prize pool being chosen such that the expected return of the game is greater than the expected return of a*

*conservative investment because such a modification would have been considered a mere design consideration which fails to patentably distinguish over '053.*

This conclusion is contrary to the law because the knowledge that the Examiner is relying on to find the claim obvious is not taught or suggested by any prior art reference of record. "To imbue one of ordinary skill in the art with knowledge of the invention in suit, when no prior art reference or references of record convey or suggest that knowledge, is to fall victim to the insidious effect of a hindsight syndrome wherein that which only the inventor taught is used against its teacher." (W. L. Gore & Associates v. Garlock, Inc., 721 F.2d 1540)

Thus claim 47 cannot be rejected under 35 USC 103 as being unpatentable over Silva.

**Regarding claim 49**, the examiner states that:

*'053 [i.e. Silva] does not address the assets comprising a bank account paying interest.*

Here again, the Examiner is correct. Silva does not teach or suggest this limitation.

As before, however, the Examiner then makes a first assertion that is incorrect followed by a second assertion that is neither supported by evidence nor provided with Official Notice.

The first assertion is:

*The applicant has not stated that having the assets comprise interest solves any stated problem or is for any particular purpose.*

This is not correct. On page 4 of the Specification the Applicant states "...this module may be used to change a zero-sum game into a positive sum game that benefits all (or nearly all) players." The problem to be solved is to turn a zero sum game into a positive sum game that benefits all (or nearly all) payers. The Applicant solves this problem in part by investing assets comprising those that "are characterized by expected rates of return that are positive". (Specification, page 5) A bank account paying interest is an example of an investment that has a positive expected rate of return.

The second assertion that the Examiner makes is:

*Moreover, it appears that '053 [i. e. Silva], or the applicant's invention, would perform equally well having the assets comprise a bank account paying interest."*

This is a bald assertion that the Examiner has made without providing any supporting evidence and without providing Official Notice. The Applicant respectfully challenges the assertion and requests that the Examiner provide evidentiary support should the Examiner wish to continue to assert it in future actions.

The Examiner then once again draws a conclusion that is contrary to case law:

*Accordingly, it would have been *prima facie* obvious to one of ordinary skill in the art at the time the applicant's invention was made to have modified '053 [Silva] such that the assets comprised a bank account paying interest, because such a modification would have been considered a mere design consideration which fails to patentably distinguish over '053.*

This conclusion is contrary to the law because the Examiner has failed to provide a showing of a suggestion or motivation to modify the teachings of Silva to comprise investing the assets in an interest bearing bank account. "Even when obviousness is

based on a single prior art reference, there must be a showing of a suggestion or motivation to modify the teachings of that reference." (In Re Werner Kotzab, 217 F.3d 1365).

Thus claim 49 cannot be rejected under 35 USC 103 as being unpatentable over Silva.

***Retraction of Notice of Allowable Subject Matter***

The Examiner has retracted the prior notice of allowable subject matter with respect to claims 46, 47 and 49. The stated reason is:

*These claims did not specifically pertain to the applicant's claimed inventive step...*

This is an irrelevant statement. There is no requirement for an "inventive step" in US patent law. Quite the contrary, 35 USC 103a clearly states, "Patentability shall not be negated by the manner in which the invention was made." The Applicant therefore respectfully requests that the Examiner adhere to his initial and correct finding that claims 46, 47 and 49 comprise allowable subject matter.

***Swear Back of Silva***

The Examiner has stated that the swear back and corroborating evidence filed by the Applicant on August 2, 2006 under 37 CFR 1.131 have been considered but are ineffective to overcome Silva as a reference.

The Applicant respectfully disagrees with the Examiner's conclusions. Nonetheless, the Applicant has provided additional exhibits D, E, F, G and H along with a supplemental declaration under 37 CFR 131(a) swearing back of the effective date of the Silva reference, December 7, 2000.

The Applicant declares:

1. That sometime prior to December 7, 2000, I conceived of the invention claimed in the above referenced application.
2. That sometime prior to December 7, 2000, I disclosed said invention to Ms. Robbin Frances Juris as evidenced by exhibits A and D.
3. That sometime prior to December 7, 2000, I recorded a note in my personal notebook describing the essential features of the invention as evidenced by exhibits A, B and D.
4. That said note of exhibit B reads "LottaVest – Lottery w/ positive ER" as evidenced by exhibit D.
5. That when I wrote the phrase "LottaVest – Lottery w/positive ER" I meant "Lottery Investment – Lottery with positive expected return" as evidenced by exhibits A and D.
6. That I worked diligently to reduce the invention to constructive practice from sometime prior to December 7, 2000 until January 8, 2001, at which time the invention was constructively reduced to practice by the filing of US provisional patent application serial number 60/260547 entitled "Enhanced Gaming System".
7. That any lapses in diligence between December 7, 2000 and January 8, 2001 were due to the demands of earning a living. At that time I was the president and

- sole proprietor of The Quaternion Group, Inc. of NY, as evidenced by exhibits C and E.
8. That the demands of earning a living included soliciting new clients and providing consulting services in e-commerce, financial markets, and innovative applications of information technology as evidenced by exhibit F, G and H.
  9. That from December 13, 2000 through December 21, 2000 I was on vacation as evidenced by exhibit F.

Said exhibit A is a declaration by Robbin Frances Juris witnessing to the description to her by the Applicant of the features of the invention prior to December 7, 2000.

Said exhibit B is a notation in the Applicant's personal notebook of the essential features of the invention. Said notation was made prior to December 7, 2000.

Said exhibit C is a copy of the 2000 tax return for the Applicant's company, The Quaternion Group. The tax return indicates that the Applicant was the president of said company.

Said exhibit D is a supplemental declaration by Robbin Frances Juris witnessing to additional details of the description to her by the Applicant of the features of the invention. Said description was made to her during the fall of 2000 and prior to December 7, 2000.

Said exhibit E is a copy of the Applicant's 2000 schedule C from his tax return. Confidential information has been blacked out. Said exhibit E indicates that the Applicant was the sole proprietor of the Quaternion Group.

Said exhibit F is a copy of an email between the Applicant and Trip Foster, VP of marketing for Net Exchange, dated December 8, 2000. Confidential information has been blacked out.

Said exhibit G is a copy of an email between the Applicant and Trip Foster dated December 13, 2000. Confidential information has been blacked out.

Said exhibit H is a copy of an email between the Applicant and Trip Foster dated January 5, 2000. Confidential information has been blacked out.

The Silva reference, therefore, is not available under 35 U.S.C 102(e) as prior art. Claims 42 to 46 and 48, therefore, cannot be rejected under 35 U.S.C. 102(e) as being anticipated by Silva.

***Examiner's non-acceptance of Applicant's earlier swear back***

The Examiner has considered Applicant's earlier declaration filed on Aug. 2<sup>nd</sup>, 2006 but found it ineffective to overcome Silva.

The Applicant appreciates the Examiner's guidance on how to render the swear back effective and has submitted additional evidence along with a supplemental declaration to strengthen his case that the Silva reference is unavailable.

Nonetheless, the Applicant wishes to address the Examiner's concerns with the prior swear back so that the Examiner will more closely follow the instructions of the courts in this matter in future actions.

***Diligence during the Critical Time Period***

The Examiner has stated that Exhibit C alone is insufficient evidence to establish diligence from a date prior to the effective date of Silva, December 7, 2000, to the Applicant's date of constructive reduction to practice, January 8, 2001 (the critical time period).

The Applicant wishes to point out to the Examiner that the required time period of diligence is only four weeks. That even if the Applicant had sat down and composed the patent application on the date it was filed, January 8, 2001, the Applicant would still have demonstrated reasonable "attorney-diligence" (Keizer v. Bradley, 270 F.2d 396) for said four weeks. The Examiner is referred to the submitted reference "Emergency Actions" [www.webpatent.com/costs.htm](http://www.webpatent.com/costs.htm) by Patent Agent Robert M. Hunter. This reference shows that any request for the preparation and filing of a patent application that is less than four weeks is considered "Expedited" and requires a premium of at least 15%.

Reasonable diligence does not require that "an inventor or his attorney...drop all other work and concentrate on the particular invention involved..." (Emery v. Ronden, 188 USPQ 264, 268 (Bd. Pat. Inter. 1974)). Case law provides for acceptable excuses for a lack of diligence. These include daily job demands and vacation (Griffith v Kanamaru, 816 F.2d 624)

The Examiner has accepted exhibit C as sufficient evidence that the Applicant had daily job demands during the critical period. Exhibit E has been submitted to further show that the Applicant was self employed during the critical period. Exhibits F, G, and H have been submitted to show that the demands of earning a living included providing consulting services and soliciting new business. Furthermore, the Applicant took a vacation during the period from December 13, 2000 through December 21, 2000. Vacations of up to four weeks have been held to be acceptable excuses for a lack of diligence. (Reed v. Tornqvist, 58 C.C.P.A. 864, 436 F.2d 501).

Thus the Applicant has shown reasonable diligence during the critical period in question to the extent that he either worked on the patent application or had an acceptable excuse.

The Examiner has suggested that in order to show diligence, "time sheets, an engineering notebook, software revision logs, source code, test results, blueprints, photographs, etc. would be more useful".

The Applicant agrees that said evidence would be more useful. The absence of said evidence, however, should not be taken as evidence of a lack of diligence during the critical time period. The Applicant was self-employed at that time (See Exhibit E) and would not be expected to keep the formal records suggested by the Examiner. Furthermore, the patent application was drafted on a computer. It should not be surprising, therefore, that earlier dated versions might not be available.

#### ***Conception Prior to the Effective Date***

The Examiner has stated that the evidence submitted by the Applicant was insufficient to establish a conception of the invention prior to the effective date of Silva. The

Applicant has submitted a supplemental declaration by Ms. Juris with more details pertaining to the particulars of the invention the Applicant disclosed to her ("the assets would be expected to exceed the price of the original ticket"), approximately when the disclosure was made ("Fall of 2000") and the nature of the disclosure ("my husband, Marc Groz, told me"). The Applicant trusts that this additional disclosure will more than meet the "preponderance of evidence" standard required by law to demonstrate conception of the invention prior to the effective date of Silva.

The Applicant wishes to remind the Examiner that the declarations by Ms. Juris alone are sufficient corroboration for the Applicant's conception of the invention prior to the effective date of Silva. "Independent corroboration may consist of testimony of a witness...". (Reese v Katz, 661 F.2d 1222 citing Thurston v. Wulff, 164 F. 2d 612) (emphasis added) Said single corroboration is to be accepted as dispositive if it attests to inventor's intended meaning (Boses v. Benedict, 27 F.3d 539).

Thus the Applicant has established by at least a preponderance of evidence that he had conceived of the invention prior to the effective date of Silva.

#### ***Alleged Actual Reduction to Practice***

The Examiner has stated that:

*the evidence submitted is insufficient to establish applicant's alleged actual reduction to practice...*

The Applicant respectfully reminds the Examiner that the Applicant is not alleging an actual reduction to practice. The reduction to practice was a constructive reduction to practice achieved by the filing of a US provisional patent application.

***Conclusion***

The Applicant has made a diligent effort to place the claims in condition for allowance. However, should there remain unresolved issues that require adverse action, it is respectfully requested that the Examiner telephone Mark Nowotarski, Applicants' Agent at 203 975 7678 so that such issues may be resolved as expeditiously as possible.

For these reasons, and in view of the above amendments, this application is now considered to be in condition for allowance and such action is earnestly solicited.

Respectfully Submitted,



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